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CHARLES ELMORE

IN THE

Supreme Court of the United States

OCTOBER TERM, 1935

Nos. 175-6

GUY T. HELVERING, Commissioner of Internal Revenue,
Petitioner

v.

E. C. PETERSON

GUY T. HELVERING, Commissioner of Internal Revenue,
Petitioner

v.

L. T. PETERSON

ON WRITS OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE EIGHTH CIRCUIT

BRIEF FOR THE RESPONDENTS

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CITATION.

Helvering v. Minnesota Tea Co., No. 174, Oct. Term, 1935 ..... 2, 3, 4

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OPINIONS BELOW.

The opinion of the Board of Tax Appeals (R. 35) is reported in 28 B. T. A. 591. The opinion of the Circuit Court of Appeals (R. 52) is reported in 76 F. (2d) 806.

JURISDICTION.

The judgments of the Circuit Court of Appeals were entered March 25, 1935. (R. 54, 55.) The petition for writs of certiorari was filed June 25, 1935, and granted October 14, 1935. The jurisdiction of this Court is invoked by the petitioner under Sec. 240(a) of the Judicial Code, as amended by the Act of February 13, 1925.

QUESTION PRESENTED.

Whether the following transaction constitutes a "reorganization", within the meaning of Sec. 112(i)(1)(A), Revenue Act of 1928: The Minnesota Tea Company transferred all its properties to another corporation (Grand Union Company) in exchange for common stock (voting-trust certificates) of the latter, which the Tea Company continued to hold, plus a sum in cash which the Tea Company immediately distributed to its stockholders, who assumed certain liabilities of the Tea Company. (The petitioners were among such stockholders.)

STATUTES AND REGULATIONS INVOLVED.

The statutes and regulations involved are set forth in the Appendix to the brief for the respondent in *Helvering* v. *Minnesota Tea Company*, No. 174, present term, and are not repeated here.

STATEMENT.

The facts appear to have been correctly stated on pages 2-4 of the petitioner's brief, with the following exceptions:

(1) It was stipulated that—"On August 23, 1928, the said Minnesota Tea Company transferred all of its assets to Grand Union Company, another corporation, and received in exchange therefor 18,000 shares of the common capital stock (represented by voting-trust certificates) of

said Grand Union Company, plus the sum of $426,842.52 in cash." (R. 18.)

(2) Before the Board the instant cases were consolidated for hearing, but they were not consolidated for hearing with the case of *Minnesota Tea Company* v. *Commissioner*, 28 B. T. A. 591. (R. 3, 4.)

ARGUMENT.

In support of their position that the transfer by the Minnesota Tea Company of all its properties to the Grand Union Company was a "reorganization", within the meaning of Sec. 112(i)(1)(A), Revenue Act of 1928, the respondents in the instant cases respectfully refer the Court to the arguments in the brief for the respondent in *Helvering* v. *Minnesota Tea Company*, No. 174, present term.

CONCLUSION.

For the reasons stated in said brief for respondent in No. 174, the respondents here respectfully submit that the decisions of the Circuit Court of Appeals should be affirmed.

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Counsel for Respondents.

November, 1935.